

Fiscal Year (FY) 2012 Maintenance of Effort Compliance

As LEAs are closing the 2011-12 fiscal year, many questions are arising concerning compliance with IDEA's MOE requirements. One thread of inquiry involves the concept of coding operational, or centralized, costs to fund 27, project 019, in proportion to the special education program. Costs brought forward for consideration have included business office or administration, maintenance, utilities, custodial, communications, construction, etc.

LEAs, under state constitution, are required to provide education and a safe environment for all students. Costs generated to meet this requirement are coded to fund 10. Special education and related services are considered excess costs because they are not attributed to all students, only students with disabilities. Costs generated to meet the special requirements of students with disabilities are coded to fund 27. General operational costs cannot be coded to fund 27 as they are not costs directly generated by providing special education instruction and related services.

The IDEA maintenance of effort regulations (34 CFR §300.203) are clear that, for each consecutive year, the LEA must expend the same amount of state and local funds on the excess cost of providing special education and related services.

Even if the LEA feels very strongly that a case could be made for coding operational costs in fund 27, project 019, it would not help an LEA in meeting the MOE requirement. When determining MOE compliance, we must make an “apples to apples” comparison – an LEA cannot move costs to project 019 for one year simply to meet MOE.

The operational costs should have been consistently coded in the same fund from year to year, and so a comparison of fiscal years 2011 and 2012 would have consistent project 019 costs (and thus an LEA failing to meet MOE in 2012 would not have a new “operational” cost to fill the gap).

During the MOE compliance review, DPI will conduct an analysis of fund 27, project 019. If there is a substantial increase in costs coded to 019 between FY 2011 and FY 2012, LEAs will be required to provide supporting documentation for allowed costs (<http://www.dpi.wi.gov/sped/pdf/moe-fund-27-options.pdf>) or, if costs are not allowed, recode the costs to fund 10.

The IDEA web-based MOE compliance report will open July 16 – shortly after the School Financial Services reporting portal opens. When data is submitted through the portal, the MOE compliance report is updated. LEAs may begin looking at whether or not they passed any of the four MOE tests. Exceptions approved during the eligibility testing will be copied over into the compliance test. LEAs can add additional exceptions if applicable. If the LEA fails all four tests and exceptions do not cover the difference, the LEA will need to look at moving FY 2012 grant funded costs into fund 27 project 011 or 019 prior to September 30, 2012.